106TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT 106–214

PROVIDING FOR THE CONSIDERATION OF H.R. 10, FINANCIAL SERVICES ACT OF 1999

JUNE 30, 1999.—Referred to the House Calendar and ordered to be printed

Mr. SESSIONS, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 235]

The Committee on Rules, having had under consideration House Resolution 235, by a record vote of 9 to 3, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF RESOLUTION

The resolution provides for the consideration of H.R. 10, the "Financial Services Act of 1999," under a structured rule. The rule provides 90 minutes of general debate: 45 minutes divided equally between the chairman and ranking minority member of the Committee on Commerce.

The rule waives all points of order against consideration of the bill. The rule makes in order the amendment in the nature of a substitute consisting of the text of the Rules Committee Print dated June 24, 1999, as original text for the purpose of amendment. The rule waives all points of order against the amendment in the nature a substitute.

The rule provides that no amendment to the amendment in the nature of a substitute shall be in order except those printed in this report, which may be offered in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for a division of the question. The rule waives all points of order against the amendments printed in this report.

The rule allows the chairman of the Committee of the Whole to postpone recorded votes and reduce voting time to five minutes on any postponed question, provided voting time on the first in any se-

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ries of questions is not less than 15 minutes. Finally, the rule provides one motion to recommit with or without instructions.

The waiver of all points of order against consideration of the Bill is necessary due to a violation of clause 3(c) of rule XIII (requiring the inclusion in the report of a CBO cost estimate of comparison of the total estimated funding levels for the relevant programs). The reason for this waiver is that the Commerce Committee filed its report (106–74, Part 3) without a CBO cost estimate or a comparison of funding levels. Furthermore, a cost estimate is not yet available from CBO for the Commerce Committee to file a supplemental report. The waiver of all points of order against consideration of the bill is also necessary due to a violation of clause 3(d) of rule XIII (relating to the availability of a cost estimate in the report). The reason for this waiver is that the Commerce Committee states in its report (106–74, Part 3) that the CBO cost estimate is not available; however, the committee also did not include its own cost estimate of the bill.

The waiver of all points of order against consideration of the amendment in the nature of a substitute is necessary due to a violation of clause 7 of rule XVI (prohibiting nongermane amendments). The reason for this waiver is that Title V (Privacy) of the amendment in the nature of a substitute is not germane to the bill as introduced.

COMMITTEE VOTES

Pursuant to clause 3(b) of House rule XIII the results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 48

Date: June 30, 1999.

Measure: H.R. 10, Financial Services Act of 1999.

Motion by: Mr. Moakley.

Summary of motion: To make in order the amendment No. 10 offered by Representative Markey that allows consumers the right to say "no" or "opt out" to a financial institution transferring or selling a consumer's personal financial information to its affiliates or to third parties.

Results: Defeated 2 to 9.

Vote by members: Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; Hastings—Nay; Myrick—Nay; Sessions—Nay; Reynolds—Nay; Moakely—Nay; Frost—Yea; Dreier—Nay.

Rules Committee record vote No. 49

Date: June 30, 1999.

Measure: H.R. 10, Financial Services Act of 1999.

Motion by: Mr. Moakley.

Summary of motion: To make in order amendment No. 43 offered by Representative Conduit, Representative Markey, Representative Towns, Representative Waxman, and Representative Dingell that deletes subtitle D of Title II, "Confidentiality of Health and Medical Information," to preserve protections in current Federal and state laws for confidentiality.

Results: Defeated 2 to 9.

Vote by Members: Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; Hastings—Nay; Myrick—Nay; Sessions—Nay; Reynolds—Nay; Moakely—Yea; Frost—Yea; Dreier—Nay.

Rules Committee record vote No. 50

Date: June 30, 1999.
Measure: H.R. 10, Financial Services Act of 1999.
Motion by: Mr. Frost.
Summary of motion: To self-execute amendment No. 49A offered by Representative Lee, Representative Campbell, Representative Gutierrez, Representative Waters, Representative Schakowsky, Representative Tubbs-Jones, Representative Meeks, and Representative Frank which aims to discourage, prevent and abolish the discriminatory practice of denying or discriminating against women and minority applicants for homeowner's insurance and mortgage services otherwise known as "redlining."
Results: Defeated 2 to 9.
Vote by Members: Goss—Nay; Linder—Nay; Pryce—Nay; Diaz-Balart—Nay; Hastings—Nay; Myrick—Nay; Sessions—Nay; Reynolds—Nay; Moakley—Yea; Frost—Yea; Dreier—Nay.

Rules Committee record vote No. 51

Date: June 30, 1999.
Measure: H.R. 10, Financial Services Act of 1999.
Motion by: Mr. Goss.
Summary of motion: To report the resolution.
Results: Defeated 9 to 3.
Vote by Members: Goss—Yea; Linder—Yea; Pryce—Yea; Diaz-Balart—Yea; Hastings—Yea; Myrick—Yea; Sessions—Yea; Reynolds—Yea; Moakley—Nay; Frost—Nay; Slaughter—Nay; Dreier—Yea.

SUMMARY OF AMENDMENTS MADE IN ORDER

1. Burr/Myrick No. 67: Provides that a financial holding company otherwise meeting all requirements for grandfathering of non-financial activities shall not be subject to expansion limitations with respect to federally-regulated communications companies or related communication production companies owned by an insurance holding company since January 1, 1998. (10 minutes)

2. Schakowsky/Lee/Gutierrez/Watt No. 17: Provides for a 5-year study by the U.S. Treasury Department with the Federal bank regulators on the effect of the bill on small business and farm lending. (10 minutes)

3. King/Velazquez No. 1. Modifies provisions in the bill concerning restrictions on foreign banks to provide equal treatment for foreign banks doing business in the United States. (10 minutes)

4. Paul/Barr/Campbell No. 49: Eliminates authority to require "Know your Customer" ("profiling" of accounts and source of funds); Replaces "Suspicious Activity Report" (SARS) with a "safe harbor" for financial institutions to report transactions "relevant to a possible violation of law or regulation"; Adjusts the Currency Transaction Report (CTR) limit for inflation; adds privacy advocate to the Bank Secrecy Act Advisory Group and adds a "sunshine" clause to their meetings; Expires Bank Secrecy Act documents after expiry

of statute of limitations (unless being used in an investigation); and Directs the Federal banking agencies to recommend ways to conform penalties for the Bank Secrecy Act to be no more severe than those dictating penalties for "safety and soundness". (10 minutes)

5. Foley No. 15: Allows foreign banks to upgrade to a branch with the approval of the appropriate chartering agency (the OCC or the State Bank Supervisor) and the Federal Reserve Board, and the chartering agency (the OCC or the State Bank Supervisor) and the Federal Reserve Board, and the chartering agency would have to be in existence for the time periods set forth in the 1994 Riegle-Neal Act and would also have to meet the requirements for consolidated home country supervisions. (10 minutes)

6. Slaughter No. 7: Expresses the "Sense of the Congress" that financial advisors, trust officers, insurance salepersons and estate planners are encouraged to treat women fairly in the selling of wills and trusts. (10 minutes)

7. Cook No. 60: Replaces section 241, subtitle D, of title II with a provision requiring the General Accounting Office to study "the consequences of limiting through regulation commissions, fees, or other costs incurred by customers in the acquisition of financial products." Through this study, Congress could determine the potential negative effects of the regulation of commissions and fees before directing regulators to impose such rules. (10 minutes)

8. Roukema No. 47: Requires the Securities and Exchange Commission to consult and coordinate comments with the appropriate Federal banking agency on the issue of loan loss reserves before issuing any such comments, taking any action or rendering any opinion on such issue or practices for insured depository institutions or their holding companies. (10 minutes)

9. Watt No. 33: Clarifies that institutions or their subsidiaries could not require customers to purchase insurance products from them as a condition of receiving a loan and that customers could purchase such insurance product from another source. (10 minutes)

10. Bliley No. 57: Allows mutual insurance companies to redomesticate to another state and reorganize into a mutual holding company or stock company. Only takes effect in states which do not have enacted laws governing such transaction. Redomestication is subject to approval by the state insurance regular of the new domicile, who must make an affirmative determination that the reorganization plan meets a number of consumer protection requirements. Amends provisions directing the federal banking regulators to issue consumer protections governing bank insurance sales, to prohibit discrimination against victims of domestic violence, preventing such status from being considered as a criterion in any insurance activity conducted by or at a bank, or by a bank representative. (10 minutes)

11. Oxley/Pryce/Roukema No. 73: Imposes on all financial institutions an "affirmative and continuing obligation" to respect the privacy of customers and to protect the security and confidentiality of customer's nonpublic personal information, requires regulatory standards to insure security and confidentiality of customer records and information to protect against unauthorized access and use; requires that consumers be given opportunity to opt-out of the disclosure of their private information with unaffiliated third parties,

with limited exceptions for handling of consumer initiated transactions, consumer reporting, compliance with law, regulation, examination requirements, etc; prohibits unaffiliated third parties that receive confidential customer information from a financial institution for any purpose from sharing this information with any other unaffiliated parties; requires all financial institutions to disclose to customers their policies and practices for collecting customer information, for protecting confidential information, and for sharing such information with unaffiliated parties; prohibits financial institutions from sharing with unaffiliated parties any credit care, savings, and transaction account numbers or other means of access to such accounts for purposes of marketing to the customer; enhances regulatory authority to detect and enforce violations of consumer privacy requirements; requires study of current information sharing among affiliates and unaffiliated third parties; requires regulations to implement these privacy protections and security standards and authorizes the regulators full enforcement authority under existing standards. (30 minutes)

TEXT OF AMENDMENTS MADE IN ORDER UNDER THE RULE

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE BURR OF NORTH CAROLINA, OR REPRESENTATIVE MYRICK OF NORTH CAROLINA, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 29, line 24, before the period insert ", except this paragraph shall not apply with respect to a company that owns a broadcasting station licensed under title III of the Communications Act of 1934 and the shares of which have been controlled by an insurance company since January 1, 1998".

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2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE SCHAKOWSKY OF ILLINOIS, OR REPRESENTATIVE LEE OF CALIFORNIA, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 72, after line 13, insert the following new section (and amend the table of contents accordingly):

SEC. 110A. STUDY OF FINANCIAL MODERNIZATION'S AFFECT ON THE ACCESSIBILITY OF SMALL BUSINESS AND FARM LOANS

(a) STUDY.—The Secretary of the Treasury, in consultation with the Federal banking agencies (as defined in Section 3(z) of the Federal Deposit Insurance Act), shall conduct a study of the extent to which credit is being provided to and for small business and farms, as a result of this Act.

(b) REPORT.—Before the end of the 5-year period beginning on the date of the enactment of this Act, the Secretary, in consultation with the Federal banking agencies, shall submit a report to the Congress on the study conducted pursuant to subsection (a) and shall include such recommendations as the Secretary determines to be appropriate for administrative and legislative action.

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3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE KING OF NEW YORK, OR REPRESENTATIVE VELÁQUEZ OF NEW YORK, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 96, line 12, strike "operations of".

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4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE PAUL OF TEXAS, OR REPRESENTATIVE BARR OF GEORGIA, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 235, after line 23, insert the following new subsections:

(c) PREVENTION OF FUTURE PRIVACY INVASIONS.—

(1) IN GENERAL.—Section 5318(g) of title 31, United States Code, is amended—

(A) by striking paragraph (1) and inserting the following new paragraph:

"(1) IN GENERAL.—Any financial institution, and any director, officer, employee, or agent of any financial institution, may report to the Secretary any transaction relevant to a possible violation of a law or regulation.";

(B) in paragraph (2), by striking "suspicious";

(C) in paragraph (4)(A)—

(i) by striking "requiring" and inserting "receiving"; and

(ii) by striking "suspicious transaction" and inserting "transaction relevant to a possible violation of a law or regulation";

(D) in paragraph (4)(B), by striking "suspicious transaction" and inserting "transaction relevant to a possible violation of a law or regulation"; and

(E) by adding at the end of paragraph (4) the following new subparagraph:

"(D) RECORDKEEPING.—The Secretary shall ensure that no report filed under this paragraph is maintained by the Secretary or any Federal or State law enforcement or supervisory agency to whom access to the report (or information therein) has been granted after the earlier of—

"(i) the end of the 4-year period beginning on the date the report was received; or

"(ii) 60 days after the expiration of the longest statute of limitations relating to any possible violation of a law or regulation identified in such report,

unless the report or information contained in the report is being used in an on-going investigation of a possible violation of a law or regulation identified in such report.".

(2) CLARIFICATION OF PURPOSES OF ANTI-MONEY LAUNDERING PROGRAM.—Section 5318(h) of title 31, United States Code, is amended by adding at the end the following new paragraph:

"(3) LIMITATION.—Notwithstanding paragraphs (1) and (2), the Secretary may not require or encourage an insured depository institution or any affiliate of an insured depository institution to—

"(A) determine the sources of funds used by any customer of the institution or affiliate in any transaction;

"(B) assess the purpose of any transaction or seek from the customer an explanation for the transaction;

"(C) determine what transactions are normal or expected for a customer;

"(D) monitor customer body language or behavior;

"(E) monitor customer transactions and compare them to historical patterns; or

"(F) report to the Secretary transactions that do not conform to a customer's historical transaction patterns.

(3) CLERICAL AMENDMENTS.—

(A) The subsection heading for section 5318(g) is amended to read as follows:

"(g) REPORTING POSSIBLE VIOLATIONS OF LAWS AND REGULATIONS.—".

(B) The paragraph heading for section 5318(g)(4) of title 31, United States Code, is amended to read as follows:

"(4) SINGLE DESIGNEE FOR REPORTING TRANSACTIONS RELEVANT TO A POSSIBLE VIOLATION OF LAW OR REGULATION.—".

(d) INCREASE IN TRIGGER AMOUNT FOR CASH TRANSACTION REPORTS.—

(1) DOMESTIC.—Section 5313(a) of title 31, United States Code, is amended by adding at the end the following new sentence: "In no event may the Secretary require reports under this section for transactions involving less than $25,000.".

(2) IMPORTING AND EXPORTING.—Section 5316(a) is amended by striking "$10,000" each place such term appears and inserting "$25,000".

(e) AGENCY REPORTS ON RECONCILING PENALTY AMOUNTS.—Before the end of the 1-year period beginning on the date of the enactment of this Act, the Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act) shall submit reports to the Congress containing proposed legislation to conform the penalties imposed on depository institutions (as defined in section 3 of the Federal Deposit Insurance Act) for violations of subchapter II of chapter 53 of title 31, United States Code, to the penalties imposed on such institutions under section 8 of the Federal Deposit Insurance Act.

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5. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE FOLEY OF FLORIDA, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 244, after line 18, insert the following new section (and amend the table of contents accordingly):

SEC. 198A. INTERSTATE BRANCHES AND AGENCIES OF FOREIGN BANKS.

Section 5(a)(7) of the International Banking Act of 1978 (12 U.S.C. 3103(a)(7)), is amended to read as follows:

"(7) ADDITIONAL AUTHORITY FOR INTERSTATE BRANCHES AND AGENCIES OF FOREIGN BANKS, UPGRADES OF CERTAIN FOREIGN BANK AGENCIES AND BRANCHES.—Notwithstanding paragraphs (1) and (2), a foreign bank may—

"(A) with the approval of the Board and the Comptroller of the Currency, establish and operate a Federal branch or Federal agency or, with the approval of the Board and the appropriate State bank supervisor, a State branch or State agency in any State outside the foreign bank's home State if—

"(i) the establishment and operation of such branch or agency is permitted by the State in which the branch or agency is to be established, and

"(ii) in the case of a Federal or State branch, the branch receives only such deposits as would be permitted for a corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.), or

"(B) with the approval of the Board and the relevant licensing authority (the Comptroller in the case of a Federal branch or the appropriate State supervisor in the case of a State branch), upgrade an agency, or a branch of the type referred to in subparagraph (A)(ii), located in a State outside the foreign bank's home State, into a Federal or State branch if—

"(i) the establishment and operation of such branch is permitted by such State; and

"(ii) such agency or branch—

"(I) was in operation in such State on the day before September 29, 1994; or

"(II) has been in operation in such State for a period of time that meets the State's minimum age requirement permitted under section 44(a)(5) of the Federal Deposit Insurance Act.".

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6. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE SLAUGHTER OF NEW YORK, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 244, after line 18, insert the following new section:

SEC. 198A. FAIR TREATMENT OF WOMEN BY FINANCIAL ADVISERS.

(a) FINDINGS.—The Congress finds as follows:

(1) Women's stature in society has risen considerably, as they are now able to vote, own property, and pursue independent careers, and are granted equal protection under the law.

(2) Women are at least as fiscally responsible as men, and more than half of all women have sole responsibility for balancing the family checkbook and paying the bills.

(3) Estate planners, trust officers, investment advisers, and other financial planners and advisers still encourage the unjust and outdated practice of leaving assets in trust for the category of wives and daughters, along with senile parents, minors, and mentally incompetent children.

(4) Estate planners, trust officers, investment advisers, and other financial planners and advisers still use sales themes and tactics detrimental to women by stereotyping women as uncomfortable handling money and needing protection from their own possible errors of judgment and "fortune hunters".

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that estate planners, trust officers, investment advisers, and other financial planners and advisers should—

(1) eliminate examples in their training materials which portray women as incapable and foolish; and

(2) develop fairer and more balanced presentations that eliminate outmoded and stereotypical examples which lead clients to take actions that are financially detrimental to their wives and daughters.

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7. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE COOK OF UTAH, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 311, strike line 4 and all that follows through page 312, line 16 and insert the following new section (and amend the table of contents accordingly):

SEC. 241. STUDY OF LIMITING THROUGH REGULATION FEES ASSOCIATED WITH PROVIDING FINANCIAL PRODUCTS.

Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress regarding the consequences of limiting, through regulation, commissions, fees, or other costs incurred by customers in the acquisition of financial products.

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8. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE ROUKEMA OF NEW JERSEY, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 312, after line 16, insert the following new subtitle (and amend the table of contents accordingly):

Subtitle E—Banks and Bank Holding Companies

SEC. 251. CONSULTATION.

(a) IN GENERAL.—The Securities and Exchange Commission shall consult and coordinate comments with the appropriate Federal banking agency before taking any action or rendering any opinion with respect to the manner in which any insured depository institution or depository institution holding company reports loan loss reserves in its financial statement, including the amount of any such loan loss reserve.

(b) DEFINITIONS.—For purposes of subsection (a), the terms "insured depository institution", "depository institution holding company", and "appropriate Federal banking agency" have the same meaning as in section 3 of the Federal Deposit Insurance Act.

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9. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE WATT OF NORTH CAROLINA, OR A DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 325, line 25, strike the "or" after the semicolon.

Page 326, line 4, strike the period and insert "; or".

Page 326, after line 4, insert the following new subparagraph:

"(C) in the case of an institution or subsidiary at which insurance products are sold or offered for sale, the fact that—

"(i) the approval of an extension of credit to a customer by the institution or subsidiary may not be conditioned on the purchase of an insurance product by such customer from the institution or subsidiary; and

"(ii) the customer is free to purchase the insurance product from another source.".

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10. An Amendment To Be Offered by Representative Bliley of Virginia, or a Designee, Debatable for 10 Minutes

Page 327, after line 16, insert the following subsection (and redesignate subsequent subsections accordingly):

"(e) Domestic Violence Discrimination Prohibition.—

"(1) In general.—In the case of an applicant for, or an insured under, any insurance product described in paragraph (2), the status of the applicant or insured as a victim of domestic violence, or as a provider of services to victims of domestic violence, shall not be considered as a criterion in any decision with regard to insurance underwriting, pricing, renewal, or scope of coverage of insurance policies, or payment of insurance claims, except as required or expressly permitted under State law.

"(2) Scope of application.—The prohibition contained in paragraph (1) shall apply to any insurance product which is sold or offered for sale, as principal, agent, or broker, by any insured depository institution or wholesale financial institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution.

"(3) Sense of the congress.—It is the sense of the Congress that, by the end of the 30-month period beginning on the date of the enactment of this Act, the States should enact prohibitions against discrimination with respect to insurance products that are at least as strict as the prohibitions contained in paragraph (1).

"(4) Domestic violence defined.—For purposes of this subsection, the term 'domestic violence' means the occurrence of 1 or more of the following acts by a current or former family member, household member, intimate partner, or caretaker:

"(A) Attempting to cause or causing or threatening another person physical harm, severe emotional distress, psychological trauma, rape, or sexual assault.

"(B) Engaging in a course of conduct or repeatedly committing acts toward another person, including following the person without proper authority, under circumstances that place the person in reasonable fear of bodily injury or physical harm.

"(C) Subjecting another person to false imprisonment.

"(D) Attempting to cause or cause damage to property so as to intimidate or attempt to control the behavior of another person.

Page 336, after line 13, insert the following new subtitle (and redesignate subsequent subtitles and amend the table of contents accordingly):

Subtitle B—Redomestication of Mutual Insurers

SEC. 311. GENERAL APPLICATION.

This subtitle shall only apply to a mutual insurance company in a State which has not enacted a law which expressly establishes reasonable terms and conditions for a mutual insurance company domiciled in such State to reorganize into a mutual holding company.

SEC. 312. REDOMESTICATION OF MUTUAL INSURERS.

(a) REDOMESTICATION.—A mutual insurer organized under the laws of any State may transfer its domicile to a transferee domicile as a step in a reorganization in which, pursuant to the laws of the transferee domicile and consistent with the standards in subsection (f), the mutual insurer becomes a stock insurer that is a direct or indirect subsidiary of a mutual holding company.

(b) RESULTING DOMICILE.—Upon complying with the applicable law of the transferee domicile governing transfers of domicile and completion of a transfer pursuant to this section, the mutual insurer shall cease to be a domestic insurer in the transferor domicile and, as a continuation of its corporate existence, shall be a domestic insurer of the transferee domicile.

(c) LICENSES PRESERVED.—The certificate of authority, agents' appointments and licenses, rates, approvals and other items that a licensed State allows and that are in existence immediately prior to the date that a redomesticating insurer transfers its domicile pursuant to this subtitle shall continue in full force and effect upon transfer, if the insurer remains duly qualified to transact the business of insurance in such licensed State.

(d) EFFECTIVENESS OF OUTSTANDING POLICIES AND CONTRACTS.—

(1) IN GENERAL.—All outstanding insurance policies and annuities contracts of a redomesticating insurer shall remain in full force and effect and need not be endorsed as to the new domicile of the insurer, unless so ordered by the State insurance regulator of a licensed State, and then only in the case of outstanding policies and contracts whose owners reside in such licensed State.

(2) FORMS.—

(A) Applicable State law may require a redomesticating insurer to file new policy forms with the State insurance regulator of a licensed State on or before the effective date of the transfer.

(B) Notwithstanding subparagraph (A), a redomesticating insurer may use existing policy forms with appropriate endorsements to reflect the new domicile of the redomesticating insurer until the new policy forms are approved for use by the State insurance regulator of such licensed State.

(e) NOTICE.—A redomesticating insurer shall give notice of the proposed transfer to the State insurance regulator of each licensed State and shall file promptly any resulting amendments to corporate documents required to be filed by a foreign licensed mutual insurer with the insurance regulator of each such licensed State.

(f) PROCEDURAL REQUIREMENTS.—No mutual insurer may redomesticate to another State and reorganize into a mutual holding company pursuant to this section unless the State insurance regulator of the transferee domicile determines that the plan of reorganization of the insurer includes the following requirements:

(1) APPROVAL BY BOARD OF DIRECTORS AND POLICYHOLDERS.—The reorganization is approved by at least a majority of the board of directors of the mutual insurer and at least a majority of the policyholders who vote after notice, disclosure of the reorganization and the effects of the transaction on policyholder contractual rights, and reasonable opportunity to vote, in accordance with such notice, disclosure, and voting procedures as are approved by the State insurance regulator of the transferee domicile.

(2) CONTINUED VOTING CONTROL BY POLICYHOLDERS; REVIEW OF PUBLIC STOCK OFFERING.—After the consummation of a reorganization, the policyholders of the reorganized insurer shall have the same voting rights with respect to the mutual holding company as they had before the reorganization with respect to the mutual insurer. With respect to an initial public offering of stock, the offering shall be conducted in compliance with applicable securities laws and in a manner approved by the State insurance regulator of the transferee domicile.

(3) AWARD OF STOCK OR GRANT OF OPTIONS TO OFFICERS AND DIRECTORS.—For a period of 6 months after completion of an initial public offering, neither a stock holding company nor the converted insurer shall award any stock options or stock grants to persons who are elected officers or directors of the mutual holding company, the stock holding company, or the converted insurer, except with respect to any such awards or options to which a person is entitled as a policyholder and as approved by the State insurance regulator of the transferee domicile.

(4) CONTRACTUAL RIGHTS.—Upon reorganization into a mutual holding company, the contractual rights of the policyholders are preserved.

(5) FAIR AND EQUITABLE TREATMENT OF POLICYHOLDERS.—The reorganization is approved as fair and equitable to the policyholders by the insurance regulator of the transferee domicile.

SEC. 313. EFFECT ON STATE LAWS RESTRICTING REDOMESTICATION.

(a) IN GENERAL.—Unless otherwise permitted by this subtitle, State laws of any transferor domicile that conflict with the purposes and intent of this subtitle are preempted, including but not limited to—

(1) any law that has the purpose or effect of impeding the activities of, taking any action against, or applying any provision of law or regulation to, any insurer or an affiliate of such insurer because that insurer or any affiliate plans to redomesticate, or has redomesticated, pursuant to this subtitle;

(2) any law that has the purpose or effect of impeding the activities of, taking action against, or applying any provision of law or regulation to, any insured or any insurance licensee or other intermediary because such person has procured insurance from or placed insurance with any insurer or affiliate of such insurer that plans to redomesticate, or has redomesticated, pursuant to this subtitle, but only to the extent that such law would treat such insured licensee or other intermediary differently than if the person procured insurance from, or placed insurance with, an insured licensee or other intermediary which had not redomesticated;

(3) any law that has the purpose or effect of terminating, because of the redomestication of a mutual insurer pursuant to this subtitle, any certificate of authority, agent appointment or license, rate approval, or other approval, of any State insurance regulator or other State authority in existence immediately prior to the redomestication in any State other than the transferee domicile.

(b) DIFFERENTIAL TREATMENT PROHIBITED.—No State law, regulation, interpretation, or functional equivalent thereof, of a State other than a transferee domicile may treat a redomesticating or redomesticated insurer or any affiliate thereof any differently than an insurer operating in that State that is not a redomesticating or redomesticated insurer.

(c) LAWS PROHIBITING OPERATIONS.—If any licensed State fails to issue, delays the issuance of, or seeks to revoke an original or renewal certificate of authority of a redomesticated insurer immediately following redomestication, except on grounds and in a manner consistent with its past practices regarding the issuance of certificates of authority to foreign insurers that are not redomesticating, then the redomesticating insurer shall be exempt from any State law of the licensed State to the extent that such State law or the operation of such State law would make unlawful, or regulate, directly or indirectly, the operation of the redomesticated insurer, except that such licensed State may require the redomesticated insurer to—

(1) comply with the unfair claim settlement practices law of the licensed State;

(2) pay, on a nondiscriminatory basis, applicable premium and other taxes which are levied on licensed insurers or policyholders under the laws of the licensed State;

(3) register with and designate the State insurance regulator as its agent solely for the purpose of receiving service of legal documents or process;

(4) submit to an examination by the State insurance regulator in any licensed state in which the redomesticated insurer is doing business to determine the insurer's financial condition, if—

(A) the State insurance regulator of the transferee domicile has not begun an examination of the redomesticated insurer and has not scheduled such an examination to begin before the end of the 1-year period beginning on the date of the redomestication; and

(B) any such examination is coordinated to avoid unjustified duplication and repetition;

(5) comply with a lawful order issued in—

(A) a delinquency proceeding commenced by the State insurance regulator of any licensed State if there has been a judicial finding of financial impairment under paragraph (7); or

(B) a voluntary dissolution proceeding;

(6) comply with any State law regarding deceptive, false, or fraudulent acts or practices, except that if the licensed State seeks an injunction regarding the conduct described in this paragraph, such injunction must be obtained from a court of competent jurisdiction as provided in section 314(a);

(7) comply with an injunction issued by a court of competent jurisdiction, upon a petition by the State insurance regulator alleging that the redomesticating insurer is in hazardous financial condition or is financially impaired;

(8) participate in any insurance insolvency guaranty association on the same basis as any other insurer licensed in the licensed State; and

(9) require a person acting, or offering to act, as an insurance licensee for a redomesticated insurer in the licensed State to obtain a license from that State, except that such State may not impose any qualification or requirement that discriminates against a nonresident insurance licensee.

SEC. 314. OTHER PROVISIONS.

(a) JUDICIAL REVIEW.—The appropriate United States district court shall have exclusive jurisdiction over litigation arising under this section involving any redomesticating or redomesticated insurer.

(b) SEVERABILITY.—If any provision of this section, or the application thereof to any person or circumstances, is held invalid, the remainder of the section, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 315. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) COURT OF COMPETENT JURISDICTION.—The term "court of competent jurisdiction" means a court authorized pursuant to section 314(a) to adjudicate litigation arising under this subtitle.

(2) DOMICILE.—The term "domicile" means the State in which an insurer is incorporated, chartered, or organized.

(3) INSURANCE LICENSEE.—The term "insurance licensee" means any person holding a license under State law to act as insurance agent, subagent, broker, or consultant.

(4) INSTITUTION.—The term "institution" means a corporation, joint stock company, limited liability company, limited liability partnership, association, trust, partnership, or any similar entity.

(5) LICENSED STATE.—The term "licensed State" means any State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands in which the re-

domesticating insurer has a certificate of authority in effect immediately prior to the redomestication.

(6) MUTUAL INSURER.—The term "mutual insurer" means a mutual insurer organized under the laws of any State.

(7) PERSON.—The term "person" means an individual, institution, government or governmental agency, State or political subdivision of a State, public corporation, board, association, estate, trustee, or fiduciary, or other similar entity.

(8) POLICYHOLDER.—The term "policyholder" means the owner of a policy issued by a mutual insurer, except that, with respect to voting rights, the term means a member of a mutual insurer or mutual holding company granted the right to vote, as determined under applicable State law.

(9) REDOMESTICATED INSURER.—The term "redomesticated insurer" means a mutual insurer that has redomesticated pursuant to this subtitle.

(10) REDOMESTICATING INSURER.—The term "redomesticating insurer" means a mutual insurer that is redomesticating pursuant to this subtitle.

(11) REDOMESTICATION OR TRANSFER.—The terms "redomestication" and "transfer" mean the transfer of the domicile of a mutual insurer from one State to another State pursuant to this subtitle.

(12) STATE INSURANCE REGULATOR.—The term "State insurance regulator" means the principal insurance regulatory authority of a State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands.

(13) STATE LAW.—The term "State law" means the statutes of any State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands and any regulation, order, or requirement prescribed pursuant to any such statute.

(14) TRANSFEREE DOMICILE.—The term "transferee domicile" means the State to which a mutual insurer is redomesticating pursuant to this subtitle.

(15) TRANSFEROR DOMICILE.—The term "transferor domicile" means the State from which a mutual insurer is redomesticating pursuant to this subtitle.

SEC. 316. EFFECTIVE DATE.

This subtitle shall take effect on the date of the enactment of this Act.

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11. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE OXLEY OF OHIO, OR REPRESENTATIVE PRYCE OF OHIO, OR A DESIGNEE, DEBATABLE FOR 30 MINUTES

Page 378, beginning on line 16, strike subtitle A of title V and insert the following (and conform the table of contents accordingly):

Subtitle A—Disclosure of Nonpublic Personal Information

SEC. 501. PROTECTION OF NONPUBLIC PERSONAL INFORMATION.

(a) PRIVACY OBLIGATION POLICY.—It is the policy of the Congress that each financial institution has an affirmative and continuing obligation to respect the privacy of its customers and to protect the security and confidentiality of those customers' nonpublic personal information.

(b) FINANCIAL INSTITUTIONS SAFEGUARDS.—In furtherance of the policy in subsection (a), each agency or authority described in section 505(a) shall establish appropriate standards for the financial institutions subject to their jurisdiction relating to administrative, technical, and physical safeguards—

(1) to insure the security and confidentiality of customer records and information;

(2) to protect against any anticipated threats or hazards to the security or integrity of such records; and

(3) to protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer.

SEC. 502. OBLIGATIONS WITH RESPECT TO DISCLOSURES OF PERSONAL INFORMATION.

(a) NOTICE REQUIREMENTS.—Except as otherwise provided in this subtitle, a financial institution may not, directly or through any affiliate, disclose to a nonaffiliated third party any nonpublic personal information, unless such financial institution provides or has provided to the consumer a notice that complies with section 503(b).

(b) OPT OUT.—

(1) IN GENERAL.—A financial institution may not disclose nonpublic personal information to nonaffiliated third parties unless—

(A) such financial institution clearly and conspicuously discloses to the consumer, in writing or in electronic form (or other form permitted by the regulations prescribed under section 504), that such information may be disclosed to such third parties;

(B) the consumer is given the opportunity, before the time that such information is initially disclosed, to direct that such information not be disclosed to such third parties; and

(C) the consumer is given an explanation of how the consumer can exercise that nondisclosure option.

(2) EXCEPTION.—This subsection shall not prevent a financial institution from providing nonpublic personal information to a nonaffiliated third party to perform services or functions on behalf of the financial institution, including marketing of the financial institution's own products or services or financial products or services offered pursuant to joint agreements between two or more financial institutions that comply with the requirements imposed by the regulations prescribed under section 504, if the financial institution fully discloses the pro-

viding of such information and enters into a contractual agreement with the third party that requires the third party to maintain the confidentiality of such information.

(c) LIMITS ON REUSE OF INFORMATION.—Except as otherwise provided in this subtitle, a nonaffiliated third party that receives from a financial institution nonpublic personal information under this section shall not, directly or through an affiliate of such receiving third party, disclose such information to any other person that is a nonaffiliated third party of both the financial institution and such receiving third party, unless such disclosure would be lawful if made directly to such other person by the financial institution.

(d) LIMITATIONS ON THE SHARING OF ACCOUNT NUMBER INFORMATION FOR MARKETING PURPOSES.—A financial institution shall not disclose an account number or similar form of access number or access code for a credit card account, deposit account, or transaction account of a consumer to any nonaffiliated third party for use in telemarketing, direct mail marketing, or other marketing through electronic mail to the consumer.

(e) GENERAL EXCEPTIONS.—Subsections (a) and (b) shall not prohibit the disclosure of nonpublic personal information—

(1) as necessary to effect, administer, or enforce a transaction requested or authorized by the consumer, or in connection with—

(A) servicing or processing a financial product or service requested or authorized by the consumer;

(B) maintaining or servicing the consumer's account with the financial institution; or

(C) a proposed or actual securitization, secondary market sale (including sales of servicing rights), or similar transaction related to a transaction of the consumer;

(2) with the consent or at the direction of the consumer;

(3) to protect the confidentiality or security of its records pertaining to the consumer, the service or product, or the transaction therein, or to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability, for required institutional risk control, or for resolving customer disputes or inquiries, or to persons holding a beneficial interest relating to the consumer, or to persons acting in a fiduciary capacity on behalf of the consumer;

(4) to provide information to insurance rate advisory organizations, guaranty funds or agencies, applicable rating agencies of the financial institution, persons assessing the institution's compliance with industry standards, and the institution's attorneys, accountants, and auditors;

(5) to the extent specifically permitted or required under other provisions of law and in accordance with the Right to Financial Privacy Act of 1978, to law enforcement agencies (including a Federal functional regulator, a State insurance authority, or the Federal Trade Commission), self-regulatory organizations, or for an investigation on a matter related to public safety;

(6) to a consumer reporting agency in accordance with the Fair Credit Reporting Act, or in accordance with interpretations of such Act by the Board of Governors of the Federal Re-

serve System or the Federal Trade Commission, including interpretations published as commentary (16 C.F.R. 601–622);

(7) in connection with a proposed or actual sale, merger, transfer, or exchange of all or a portion of a business or operating unit if the disclosure of nonpublic personal information concerns solely consumers of such business or unit; or

(8) to comply with Federal, State, or local laws, rules, and other applicable legal requirements; to comply with a properly authorized civil, criminal, or regulatory investigation or subpoena by Federal, State, or local authorities; or to respond to judicial process or government regulatory authorities having jurisdiction over the financial institution for examination, compliance, or other purposes as authorized by law.

SEC. 503. DISCLOSURE OF INSTITUTION PRIVACY POLICY.

(a) DISCLOSURE REQUIRED.—A financial institution shall clearly and conspicuously disclose to each consumer, at the time of establishing the customer relationship with the consumer and not less than annually, in writing or in electronic form (or other form permitted by the regulations prescribed under section 504), its policies and practices with respect to protecting the nonpublic personal information of consumers in accordance with the rules prescribed under section 504.

(b) INFORMATION TO BE INCLUDED.—The disclosure required by subsection (a) shall include—

(1) the policy and practices of the institution with respect to disclosing nonpublic personal information to nonaffiliated third parties, other than agents of the institution, consistent with section 502 of this subtitle, and including—

(A) the categories of persons to whom the information is or may be disclosed, other than the persons to whom the information may be provided pursuant to section 502(e); and

(B) the practices and policies of the institution with respect to disclosing of nonpublic personal information of persons who have ceased to be customers of the financial institution;

(2) the categories of nonpublic personal information that are collected by the financial institution;

(3) the policies that the institution maintains to protect the confidentiality and security of nonpublic personal information in accordance with section 501; and

(4) the disclosures required, if any, under section 603(d)(2)(A)(iii) of the Fair Credit Reporting Act.

SEC. 504. RULEMAKING.

(a) REGULATORY AUTHORITY.—The Federal banking agencies, the National Credit Union Association, the Secretary of the Treasury, and the Securities and Exchange Commission, shall jointly prescribe, after consultation with the Federal Trade Commission, and representatives of State insurance authorities designated by the National Association of Insurance Commissioners, such regulations as may be necessary to carry out the purposes of this subtitle. Such regulations shall be prescribed in accordance with applicable requirements of the title 5, United States Code, and shall be issued in final form within 6 months after the date of enactment of this Act.

(b) AUTHORITY TO GRANT EXCEPTIONS.—The regulations prescribed under subsection (a) may include such additional exceptions to subsections (a) and (b) of section 502 as are deemed consistent with the purposes of this subtitle.

SEC. 505. ENFORCEMENT.

(a) IN GENERAL.—This subtitle and the rules prescribed thereunder shall be enforced by the Federal functional regulators, the State insurance authorities, and the Federal Trade Commission with respect to financial institutions subject to their jurisdiction under applicable law, as follows:

(1) Under section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, Federal branches and Federal agencies of foreign banks, and any subsidiaries of such entities, by the Office of the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign banks), commercial lending companies owned or controlled by foreign banks, organizations operating under section 25 or 25A of the Federal Reserve Act, bank holding companies and their nonbank subsidiaries or affiliates (except broker-dealers, affiliates providing insurance, investment companies, and investment advisers), by the Board of Governors of the Federal Reserve System;

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), insured State branches of foreign banks, and any subsidiaries of such entities, by the Board of Directors of the Federal Deposit Insurance Corporation; and

(D) savings association the deposits of which are insured by the Federal Deposit Insurance Corporation, and any subsidiaries of such a savings association, by the Director of the Office of Thrift Supervision.

(2) Under the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal or state chartered credit union, and any subsidiaries of such an entity.

(3) Under the Farm Credit Act of 1971, by the Farm Credit Administration with respect to the Federal Agricultural Mortgage Corporation, any Federal land bank, Federal land bank association, Federal intermediate credit bank, or production credit association.

(4) Under the Securities Exchange Act of 1934, by the Securities and Exchange Commission with respect to any broker-dealer.

(5) Under the Investment Company Act of 1940, by the Securities and Exchange Commission with respect to investment companies.

(6) Under the Investment Advisers Act of 1940, by the Securities and Exchange Commission with respect to investment advisers registered with the Commission under such Act.

(7) Under Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U. S. C. 4501 et seq.), by the Office of Federal Housing Enterprise Oversight with respect to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(8) Under the Federal Home Loan Bank Act, by the Federal Housing Finance Board with respect to Federal home loan banks.

(9) Under State insurance law, in the case of any person engaged in providing insurance, by the State insurance authority of the State in which the person is domiciled, subject to section 104 of this Act.

(10) Under the Federal Trade Commission Act, by the Federal Trade Commission for any other financial institution that is not subject to the jurisdiction of any agency or authority under paragraphs (1) through (9) of this subsection.

(b) ENFORCEMENT OF SECTION 501.—

(1) IN GENERAL.—Except as provided in paragraph (2), the agencies and authorities described in subsection (a) shall implement the standards prescribed under section 501(b) in the same manner, to the extent practicable, as standards prescribed pursuant to subsection (a) of section 39 of the Federal Deposit Insurance Act are implemented pursuant to such section.

(2) EXCEPTION.—The agencies and authorities described in paragraphs (4), (5), (6), (9), and (10) of subsection (a) shall implement the standards prescribed under section 501(b) by rule with respect to the financial institutions subject to their respective jurisdictions under subsection (a).

(c) DEFINITIONS.—The terms used in subsection (a)(1) that are not defined in this subtitle or otherwise defined in section 3(s) of the Federal Deposit Insurance Act shall have the meaning given to them in section 1(b) of the International Banking Act of 1978.

SEC. 506. FAIR CREDIT REPORTING ACT AMENDMENT.

(a) AMENDMENT.—Section 621 of the Fair Credit Reporting Act (15 U.S.C. 1681s) is amended—

(1) in subsection (d), by striking everything following the end of the second sentence; and

(2) by striking subsection "(e)" and inserting in lieu thereof the following:

"(e) REGULATORY AUTHORITY.—

"(1) The Federal banking agencies referred to in paragraphs (1) and (2) of subsection (b) shall jointly prescribe such regulations as necessary to carry out the purposes of this Act with respect to any persons identified under paragraphs (1) and (2) of subsection (b), or to the holding companies and affiliates of such persons.

"(2) The Administrator of the National Credit Union Administration shall prescribe such regulations as necessary to carry out the purposes of this Act with respect to any persons identified under paragraph (3) of subsection (b).".

(b) CONFORMING AMENDMENT.—Section 621(a) of the Fair Credit Reporting Act (15 U.S.C. 1681s(a)) is amended by striking paragraph (4).

SEC. 507. RELATION TO OTHER PROVISIONS.

This subtitle shall not apply to any information to which subtitle D of title III applies.

SEC. 508. STUDY OF INFORMATION SHARING AMONG FINANCIAL AFFILIATES.

(a) IN GENERAL.—The Secretary of the Treasury, in conjunction with the Federal functional regulators and the Federal Trade Commission, shall conduct a study of information sharing practices among financial institutions and their affiliates. Such study shall include—

(1) the purposes for the sharing of confidential customer information with affiliates or with nonaffiliated third parties;

(2) the extent and adequacy of security protections for such information;

(3) the potential risks for customer privacy of such sharing of information;

(4) the potential benefits for financial institutions and affiliates of such sharing of information;

(5) the potential benefits for customers of such sharing of information;

(6) the adequacy of existing laws to protect customer privacy;

(7) the adequacy of financial institution privacy policy and privacy rights disclosure under existing law;

(8) the feasibility of different approaches, including opt-out and opt-in, to permit customers to direct that confidential information not be shared with affiliates and nonaffiliated third parties; and

(9) the feasibility of restricting sharing of information for specific uses or of permitting customers to direct the uses for which information may be shared.

(b) CONSULTATION.—The Secretary shall consult with representatives of State insurance authorities designated by the National Association of Insurance Commissioners, and also with financial services industry, consumer organizations and privacy groups, and other representatives of the general public, in formulating and conducting the study required by subsection (a).

(c) REPORT.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Congress containing the findings and conclusions of the study required under subsection (a), together with such recommendations for legislative or administrative action as may be appropriate.

Sec. 509. DEFINITIONS.

As used in this subtitle:

(1) FEDERAL BANKING AGENCY.—The term "Federal banking agency" has the meanings given to such terms in section 3 of the Federal Deposit Insurance Act.

(2) FEDERAL FUNCTIONAL REGULATOR.—The term "Federal functional regulator" means—

(A) the Board of Governors of the Federal Reserve System;

(B) the Office of the Comptroller of the Currency;

(C) the Board of Directors of the Federal Deposit Insurance Corporation;

(D) the Director of the Office of Thrift Supervision;

(E) the National Credit Union Administration Board;

(F) the Farm Credit Administration; and

(G) the Securities and Exchange Commission.

(3) FINANCIAL INSTITUTION.—The term "financial institution" means any institution the business of which is engaging in financial activities or activities that are incidental to financial activities, as described in section 6(c) of the Bank Holding Company Act of 1956.

(4) NONPUBLIC PERSONAL INFORMATION.—

(A) The term "nonpublic personal information" means personally identifiable financial information—

(i) provided by a consumer to a financial institution;

(ii) resulting from any transaction with the consumer or the service performed for the consumer; or

(iii) otherwise obtained by the financial institution.

(B) Such term does not include publicly available information, as such term is defined by the regulations prescribed under section 504.

(C) Notwithstanding subparagraph (B), such term shall include any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable information other than publicly available information.

(5) NONAFFILIATED THIRD PARTIES.—The term "nonaffiliated third parties" means any entity that is not an affiliate of, or related by common ownership or affiliated by corporate control with, the financial institution, but does not include a joint employee of such institution.

(6) AFFILIATE.—The term "affiliate" means any company that controls, is controlled by, or is under common control with another company.

(7) NECESSARY TO EFFECT, ADMINISTER, OR ENFORCE.—The term "as necessary to effect, administer or enforce the transaction" means—

(A) the disclosure is required, or is a usual, appropriate or acceptable method, to carry out the transaction or the product or service business of which the transaction is a part, and record or service or maintain the consumer's account in the ordinary course of providing the financial service or financial product, or to administer or service benefits or claims relating to the transaction or the product or service business of which it is a part, and includes—

(i) providing the consumer or the consumer's agent or broker with a confirmation, statement, or other record of the transaction, or information on the status or value of the financial service or financial product; and

(ii) the accrual or recognition of incentives or bonuses associated with the transaction that are provided by the financial institution or any other party;

(B) the disclosure is required, or is one of the lawful or appropriate methods, to enforce the rights of the financial institution or of other persons engaged in carrying out the financial transaction, or providing the product or service;

(C) the disclosure is required, or is a usual, appropriate, or acceptable method, for insurance underwriting at the consumer's request or for reinsurance purposes, or for any of the following purposes as they relate to a consumer's insurance: account administration, reporting, investigating, or preventing fraud or material misrepresentation, processing premium payments, processing insurance claims, administering insurance benefits (including utilization review activities), participating in research projects, or as otherwise required or specifically permitted by Federal or State law; or

(D) the disclosure is required, or is a usual, appropriate or acceptable method, in connection with—

(i) the authorization, settlement, billing, processing, clearing, transferring, reconciling, or collection of amounts charged, debited, or otherwise paid using a debit, credit or other payment card, check, or account number, or by other payment means;

(ii) the transfer of receivables, accounts or interests therein; or

(iii) the audit of debit, credit or other payment information.

(8) STATE INSURANCE AUTHORITY.—The term "State insurance authority" means, in the case of any person engaged in providing insurance, the State insurance authority of the State in which the person is domiciled.

(9) CONSUMER.—The term "consumer" means an individual who obtains, from a financial institution, financial products or services which are to be used primarily for personal, family, or household purposes, and also means the legal representative of such an individual.

(10) JOINT AGREEMENT.—The term "joint agreement" means a formal written contract pursuant to which two or more financial institutions jointly offer, endorse, or sponsor a financial product or service, and any payments between the parties are based on business or profit generated.

SEC. 510. EFFECTIVE DATE.

This subtitle shall take effect 6 months after the date on which the rules under section 503 are promulgated, except—

(1) to the extent that a later date is specified in such rules; and

(2) that section 506 shall be effective upon enactment.

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